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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

IN THE MATTER OF THE GENERIC)	DOCKET NO. T-00000A-01-0076
INVESTIGATION INTO NUMBER RESOURCE)	
OPTIMIZATION AND IMPLEMENTATION OF)	DECISION NO. 63982
NUMBER POOLING IN ARIZONA)	
)	<u>ORDER</u>
)	

Open Meeting
August 28 and August 29, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

I. INTRODUCTION

1. The rapid growth of competition and the proliferation of new telecommunications services have intensified the use of numbering resources. Efficient use of numbering resources is necessary to protect both carriers and customers from the expense and inconvenience that result from frequent implementation of new area codes. This Order will provide the foundation for thousands-block number pooling in Arizona to conserve numbering resources subject to the conditions contained in this Order.

II. BACKGROUND AND PROCEDURAL HISTORY

A. State Proceedings

2. On December 23, 1999, the Arizona Corporation Commission ("ACC" or "Commission") petitioned the Federal Communication Commission ("FCC") for Expedited Delegation of Authority to Implement Number Conservation Measures. In its Petition, the ACC requested additional authority to:

...

- a. Implement mandatory thousands-block number pooling.
- b. Ensure efficient number use practices such as fill rates or sequential number assignment.

- c. Establish interim mandatory number utilization data reporting and forecasting requirements.
- d. Establish auditing procedures and implement random audits.
- e. Require the return of unused NXX codes (prefixes) by carriers to the code administrator.
- f. Require the return of unused or under-utilized portions of NXX codes to the Pooling Administrator when one is selected.

3. On July 20, 2000, the FCC granted, in part, the Petitions of Arizona and several other States. See, In the Matter of Numbering Resource Optimization, et. al., Docket No. 99-200 et. al., Order, (Rel. July 20, 2000) ("FCC Numbering Optimization Order"). In the FCC Numbering Optimization Order, Arizona was delegated the authority to institute thousands-block number pooling in the 480, 520, 602 and 623 NPA's and the authority to conduct audits of a carrier's use of numbering resources, consistent with national numbering guidelines.

4. On December 28, 2000, the ACC solicited competitive proposals and bids for the selection of an Interim Thousands-Block Arizona Pooling Administrator. Such proposals and bids were to be submitted no later than 4:00 p.m. Arizona time on January 30, 2001.

5. NeuStar, Inc. ("NeuStar") and Telcordia Technologies, Inc. ("Telcordia") submitted proposals and bids on January 26, 2001 and January 29, 2001, respectively.

6. On February 13, 2001, the ACC ordered that a Generic Investigation be commenced for the purpose of obtaining comments from interested parties and members of the industry concerning implementation of number pooling and other conservation methods in the State of Arizona.

7. The Procedural Order requested that interested parties and Industry comment on the following questions no later than March 7, 2001:

...

- a. Which Metropolitan Statistical Area ("MSA") should be selected for the first pooling trial?
- b. If the MSA contains multiple NPAs (area codes), which NPA should be first?
- c. What is an appropriate interval for implementing number pooling between NPAs where more than one exists in a MSA?
- d. If the geographic area of a NPA is greater than the MSA, should number pooling be implemented in the entire NPA?

- e. How soon in 2001 might a number pooling trial begin?
- f. How should number pooling costs be allocated (all carriers, pooling carriers only, only carriers within the MSA, etc.)?
- g. How should number pooling costs be recovered?
- h. Are there unique aspects of your network in Arizona as compared to those found in states where number pooling has already been implemented?
- i. Are there rate centers within the state that can be consolidated? If so which ones and how soon could it be accomplished?
- j. What degree of contamination (i.e. 5%, 10% etc.) should be allowed in thousands-blocks donated to the numbering pool?
- k. What other issues should be addressed as part of a pooling trial?
- l. What additional number conservation methods may be implemented to maximize the life of the NPAs within Arizona?

8. Written comments were subsequently filed by AT&T Communications of the Mountain States, Inc. and TCG Phoenix (collectively "AT&T"), Cox Arizona Telecom, L.L.C. ("Cox"), Qwest Corporation ("Qwest"), Time Warner Telecom of Arizona, L.L.C. ("Time Warner"), Winstar Wireless, Inc. ("Winstar"), and WorldCom, Inc. ("WorldCom").

B. Related Federal Proceedings

9. On March 31, 2000, the FCC released a Report and Order and Further Notice of Proposed Rulemaking (In The Matter of Numbering Resource Optimization, Docket No. 99-200, ("NRO")) with the stated goals of ensuring that the limited numbering resources of the North American Number Plan ("NANP") are used efficiently and that all carriers have the numbering resources they need to compete in the rapidly growing market place. Adopted in this Order is a single system for allocating numbers in blocks of 1,000, wherever possible, and establishing a plan for national rollout of thousands-block number pooling.

10. Furthermore, in the NRO Order the FCC adopted administrative and technical measures that will promote more efficient allocation and use of NANP resources. Among the measures adopted are:

- a. A uniform set of categories of numbers for which carriers must report their utilization.
- b. A mandatory utilization data reporting requirement.

- c. A process that requires carriers to demonstrate that they need numbering resources to provide services.
- d. A utilization threshold framework to increase carrier accountability.
- e. Numbering resource reclamation requirements to ensure the return of unused numbers to the NANP inventory.
- f. A mandate that carriers fill their need for numbers out of "open" thousands blocks before beginning to use numbers from new blocks.

11. On December 8, 2000, the FCC issued a Request for Proposal ("RFP") inviting bids from three potential bidders known for having experience in numbering administration. On or about January 8, 2001, NeuStar and Telcordia provided proposals in response to the RFP. The FCC anticipated selection of the National Pooling Administrator in the first quarter of 2001 but did not do so.

12. The FCC continues to develop, adopt and implement a number of strategies to ensure that the numbering resources of the NANP are used efficiently. In its NRO Second Report and Order (In the Matter of Number Resource Optimization, et. al., Second Report and Order, et. al., Docket No. 99-200, et. al. (Released December 29, 2000)), the FCC adopted additional measures to promote efficient allocation of NANP resources which include:

...

- a. Establishment of a utilization threshold of 60% (increasing to 75% over three years) that carriers must meet before receiving additional numbering resources in a given rate center.
- b. Not setting a transition period between the time Commercial Mobile Radio Services ("CMRS") carriers must implement Local Number Portability ("LNP") (November 24, 2002) and the time they must participate in mandatory number pooling.
- c. A comprehensive audit program to verify carrier compliance with Federal rules and orders and industry guidelines.

13. On June 18, 2001, the FCC selected NeuStar as the National Thousands-Block Number Pooling Administrator. The first round of implementation is scheduled to begin in March 2002 with initial concentration on area codes in the top 100 MSAs.

III. STAFF RECOMMENDATIONS

14. The following are Staff's recommendations on the twelve issues raised in the March 7, 2001 Procedural Order seeking comment from the Industry and other interested parties concerning implementation of number pooling and other conservation methods in Arizona.

A. Which Metropolitan Area should be selected for the first pooling trial?

15. AT&T, Qwest, Winstar and WorldCom recommended that the Phoenix MSA be selected for the first pooling trial.¹ Time Warner recommended the MSA with the greatest number of providers and having a NPA in jeopardy of exhaust be selected. Time Warner Comments at p. 2. Cox, on the other hand, believes that the Tucson MSA presents a more manageable location for a pooling trial. Cox Comments at p. 1.

16. The Phoenix MSA is the most populous MSA in the State, has undergone rate center consolidation and has NPAs which are most likely to exhaust first and need area code relief. According to NANPA's June 1, 2001 Exhaust Analysis, the forecasted exhaust of the 602 NPA is 1Q2006 and 2Q2008 for the 480 NPA.

17. The Tucson MSA consists of a single NPA (520) and the Tucson local calling area has also undergone rate center consolidation. The 520 NPA is in the process now of undergoing a geographic split. Permissive dialing began on June 23, 2001, and mandatory dialing is scheduled for January 5, 2002. To avoid conflicts with the relief activity currently in progress, Staff believes that the Tucson MSA should not be selected for the first pooling trial. Further, the forecasted exhaust date after the split should be further in the future than that anticipated for 602 and 480.

18. Thus, Staff recommends that the Phoenix MSA should be selected for the first thousands block number pooling trial in Arizona.

B. If the MSA contains multiple NPAs, which NPA should be first?

19. AT&T, Qwest and Winstar recommend that number pooling initially be implemented in the 602 NPA of the Phoenix MSA.² Cox recommends the 480 NPA be selected.³ Time Warner recommends the NPA in greatest jeopardy of exhaust and WorldCom recommends the NPA with the most unassigned

¹ AT&T Comments at p. 1; Qwest Comments at p.2; Winstar Comments at p. 1; WorldCom Comments at p. 1.

² AT&T Comments at p. 1; Qwest Comments at p. 2; Winstar Comments at p. 1.

³ Cox Comments at p. 1.

1 prefixes.⁴

2 20. Staff agrees with the recommendations of AT&T, Qwest, Winstar and Time Warner. Staff
3 believes that implementing number pooling in order of projected exhaust dates will best extend the life of each
4 NPA. The Phoenix MSA comprises Maricopa and Pinal Counties and contains five NPAs (480, 602, 623,
5 520 and 928). In order of projected exhaust dates, the 602 NPA is first, followed by 480, and 623.
6 NANPA will project new exhaust dates for 520 and 928 after completion of the geographic split. Thus Staff
7 recommends that number pooling be established in the 602 NPA first followed by the 480 NPA.

8 **C. What is an appropriate interval for implementing number pooling between NPAs where**
9 **more than one exists in a MSA?**

10 21. AT&T recommends 4 months as an appropriate interval between NPAs.⁵ Other suggested
11 intervals were three to six months (Cox), six months (Qwest) and three months (Winstar).⁶ Time Warner did
12 not provide a recommendation and WorldCom recommended the FCC specified

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15 interval of three NPAs per quarter established by the Number Portability Administration Center ("NPAC")
16 be followed.⁷

17 22. While the views expressed by the commenters ranged from six months to three months, Staff
18 believes that unique circumstances should allow for shorter intervals between NPAs in the Phoenix MSA.
19 The NPAs are in the same rate center, thus some carriers may have only one switch providing service to
20 multiple NPAs in the local calling area.

21 23. Experience from other jurisdictions indicates a more abbreviated interval than that
22 recommended by many of the parties is appropriate. The schedule for thousands-block number pooling in
23 other jurisdictions has included shorter implementation intervals between NPAs. For example, at the July
24 17, 2001, First Implementation Meeting for Indiana NPAs 217 and 319, the Industry agreed upon a one
25 month interval.

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27 ⁴ Time Warner Comments at p. 4; WorldCom Comments at p. 2.

⁵ AT&T Comments at p. 2.

28 ⁶ Cox Comments at p. 1; Qwest Comments at p. 3; Winstar Comments at p. 1.

⁷ WorldCom Comments at p. 2.

24. Therefore, Staff recommends that a one month interval be utilized between the 602 and 480 NPA's for thousands-block number pooling.

D. If the geographic area of a NPA is greater than the MSA, should number pooling be implemented in the entire NPA?

25. AT&T, Time Warner, Winstar and WorldCom recommend that where the geographic area of a NPA is larger than a MSA, number pooling be implemented in the entire NPA.⁸ Winstar stated that dividing a NPA for purposes of pooling adds a layer of complexity that is unnecessary. AT&T commented that by not implementing pooling in the entire NPA, the benefit of prolonging the life of the NPA would be diminished. Cox had no position on the question. Qwest supported implementing pooling in rate centers that are within the geographic boundaries of the MSA in accordance with FCC guidelines.⁹

26. Staff concurs with Qwest, FCC guidelines do not currently allow for implementation of number pooling in rate centers of a NPA that are outside the geographic area of the MSA. Staff also concurs with the majority of commenters that additional benefits can be gained when pooling is implemented across an entire NPA. Therefore, Staff recommends that the Industry voluntarily implement number pooling in all rate centers in a NPA where Local Number Portability ("LNP") has been established and that wireline non-LNP carriers be excluded from the pool until such time as they are required to become LNP capable due to a bona fide request ("BFR").

E. How soon in 2001 might a number pooling trial begin?

27. Generally, AT&T, Cox and WorldCom recommend that implementation of number pooling commence in third quarter, 2001.¹⁰ The recommendation of Qwest and Winstar would place implementation in fourth quarter, 2001.¹¹ Time Warner recommends deferring until the national implementation of number pooling.¹² WorldCom also recommends that a criteria for the implementation of pooling be the availability of NPAC software release 3.0.¹³

28. Staff agrees with WorldCom that it would be preferable to implement pooling once NPAC software release 3.0 is available, since this software release improves the efficiency of transmitting pooling

⁸ AT&T Comments at p. 2; Time Warner Comments at p. 5; Winstar Comments at p. 2; WorldCom Comments at pps. 2-3.

⁹ Qwest Comments at p. 3.

¹⁰ AT&T Comments at p. 2; Cox Comments at p. 2; WorldCom Comments at p. 3.

¹¹ Qwest Comments at p. 3; Winstar Comments at p. 2.

¹² Time Warner Comments at p. 5.

¹³ WorldCom Comments at p. 3.

1 data. The availability of this release has been rescheduled and it is currently anticipated that it will be
2 available in late 4Q2001. Pending NPAC software 3.0's release, software release 1.4 has been installed
3 at the Western Region NPAC and is available to support a pooling trial in Arizona. To the extent release
4 3.0 is not available, Staff believes that release 1.4 is sufficient and is not of itself reason enough to delay
5 timely implementation of number pooling in Arizona.

6 29. Other considerations are avoiding conflict with the implementation of the 520/928 NPA split,
7 pooling trials that may have been scheduled in other portions of the Western NPAC Region and the ability
8 of the National Pooling Administrator to support additional state pooling trials.

9 30. After considering the comments of the parties and the factors discussed above, Staff
10 recommends that number pooling for the first NPA commence in January 2002. Staff believes this will
11 provide the Industry sufficient time for planning, increase the possibility for availability of NPAC software
12 release 3.0, and minimize the potential for conflict with other pooling trials.

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16 **F. How should number pooling costs be allocated?**

17 31. AT&T recommends that number pooling costs should be allocated to all carriers in the
18 State.¹⁴ Cox and Winstar recommend that number pooling costs be allocated to all carriers providing service
19 in the number pooling area.¹⁵ Qwest, Time Warner and WorldCom all advocated that costs should be
20 allocated across all carriers but did not explicitly indicate a geographic scope.¹⁶

21 32. Number conservation positively benefits all telecommunications carriers in the State. Number
22 pooling will delay the need for area code relief, particularly in metropolitan NPAs, which allows all carriers
23 to avoid the additional costs that would be incurred due to any relief plan. Furthermore, section 252 (e) (2)
24 requires that all telecommunications carriers bear the cost of numbering administration and in its NRO Order
25 the FCC concluded "*that the costs of thousands-block number pooling be allocated to all*
26 *telecommunications carriers....*" Id. at para. 20.

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14 AT&T Comments at p. 5.

28 15 Cox Comments at p. 2; Winstar Comments at p. 2.

16 Qwest Comments at pps. 3-6; Time Warner Comments at p. 5-6; WorldCom Comments at p. 3.

33. With respect to the method of allocation, AT&T, Qwest and WorldCom all essentially recommend that the FCC LNP cost model be used. Under the FCC LNP cost model, joint-industry costs would be allocated to all telecommunications carriers in proportion to each carrier's interstate, intrastate and international telecommunications revenues. Cox, Time Warner, and Winstar, on the other hand, generally recommend that cost should be allocated among carriers based on the number of access lines served by a specific carrier in relation to the total number of access lines in the area designated for cost allocation.

34. Staff recommends that cost allocation methodology for the Arizona pooling trials be based upon pro rata allocation of cost to all telecommunications carriers providing service within the state in proportion to each carrier's interstate, intrastate and international telecommunications revenues; irrespective of whether carriers may or may not participate in the pooling trial. Staff believes this approach is consistent with the approach used by the FCC in the LNP context and is competitively neutral.

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G. How should number pooling costs be recovered?

35. Commenters generally identified two types of costs that the industry would incur that the FCC has determined could be subject to recovery. They were (1) joint-industry costs and (2) carrier-specific costs directly related to number pooling ("carrier-specific costs"). Joint-industry costs include costs to update LNP databases with each telephone number added to the pool, costs of the NPAC's software capability and costs due to the Pooling Administrator. Carrier-specific costs include costs directly related to thousands-block number pooling implementation such as enhancements to a carrier's Service Control Point ("SCP") and Operational Support Systems ("OSS") systems.

36. All commenters concurred that joint-industry costs should be subject to a recovery mechanism. Qwest recommends that carrier-specific costs directly related to thousands-block number pooling also be subject to a recovery mechanism.¹⁷ AT&T, Cox, Time Warner, Winstar and WorldCom, on the other hand, recommend that carrier-specific costs should be the responsibility of each carrier.¹⁸ As succinctly stated by AT&T in its response, "...the costs each carrier will incur to modify its own systems and

¹⁷ Qwest Comments at p. 9.

¹⁸ AT&T Comments at p. 6; Cox Comments at p. 2; Time Warner Comments at p. 6; Winstar Comments at p. 2; WorldCom Comments at p. 3.

1 network to operate in a number pooling environment are merely costs of doing business that each carrier can,
2 and should, bear itself". AT&T Comments at p. 3.

3 37. AT&T and WorldCom also emphasized that number pooling costs must be recovered in a
4 competitively neutral manner and that recovery methods should not permit one carrier to recover its pooling
5 costs from another. If carrier-specific cost recovery were permitted by the ACC, AT&T recommended that
6 the recovery method not permit recovery from access charges, unbundled network elements total service
7 resale rate elements or any other wholesale rates.

8 38. In its July 20, 2000, Order delegating authority to implement number pooling to Arizona and
9 certain other States, the FCC indicated that States conducting their own pooling trials must develop their own
10 cost recovery mechanism and that the State cost-recovery mechanisms must transition to the national cost-
11 recovery plan when the latter becomes effective. *Id.* at ¶ 21 The FCC's NRO Order specifically states,
12 "Until national thousands-block number pooling is implemented, states may use their current cost recovery
13 mechanisms..." Order at ¶ 197

14 39. Staff concurs that joint-industry costs should be subject to a recovery mechanism. Further,
15 Staff concurs with the majority of commenters that carrier-specific costs are merely costs of doing business
16 and should not be subject to a special cost recovery mechanism. Competitive local exchange carriers
17 ("CLECs") and incumbent local exchange carriers ("ILECs") may seek recovery through their respective
18 regulatory paradigms; i.e. tariff filings, rate cases or to the extent permitted under the terms of an alternative
19 form of regulation ("AFOR") plan. Finally, Staff recommends that recovery from access charges, unbundled
20 network elements total service resale rate elements or any other wholesale rates not be permitted.

21 40. In the alternative, if the Commission determines that carrier-specific costs be subject to
22 recovery through a special cost recovery mechanism, Staff recommends that a State cost recovery
23 mechanism be addressed in a future docket to allow development of a more complete record.

24 **H. Are there unique aspects of your network in Arizona as compared to those found in**
25 **States where number pooling has already been implemented?**

26 41. AT&T, Cox, Time Warner, Winstar and WorldCom concurred that there were no unique
27 aspects to their network in Arizona as compared to their networks in other States where number pooling has
28

1 already been implemented.¹⁹ Qwest noted that the Phoenix rate center is three separate NPAs that will
2 require distinct pools and implementation schedules.²⁰ In addition, Qwest recommended that a pooling
3 schedule not conflict with the area code split that is scheduled for the 520 NPA.

4 **I. Are there rate centers within the State that can be consolidated? If so which ones and**
5 **how soon could it be accomplished?**

6 42. AT&T indicated support for rate center consolidation but did not recommend a specific
7 consolidation plan.²¹ Likewise, Winstar supports rate center consolidation, but expressed caution to insure
8 911 default routing is minimally impacted.²² Winstar concluded its comments, however, by stating its belief
9 that there were no appropriate rate centers within Arizona that could be consolidated. Qwest also supports
10 rate center consolidation on a case-by-case basis.²³ Qwest recommended that any such consolidations be
11 revenue and expense neutral and occur between rate centers within the same local calling area.

12 43. Qwest expressed concern, however, that rate center consolidation might make it more
13 difficult for carriers to meet the utilization threshold and months-to-exhaust criteria mandated by the FCC
14 which are determined on rate center basis. After studying its thirteen rate centers that share common local
15 calling, Qwest concluded that they were not strong candidates for consolidation because only two NXX
16 codes would have been saved over a two-year period.

17 44. Cox and WorldCom took no position on the subject. Time Warner indicated there are issues
18 with rate center consolidation which it has not examined and reserved its right to supplement its response at
19 a later date.²⁴

20 45. In its July 20, 2000, Order delegating authority to implement number pooling to Arizona and
21 certain other States, the FCC strongly encouraged State regulatory commissions to proceed as expeditiously
22 as possible to consolidate rate centers. *Id.* at para. 59. Where multiple rate centers exist in a local calling
23 area, rate center consolidation will reduce the number of NXX codes a new entrant will need to provide
24 service in the calling area. In addition, it will avoid hardship to consumers. Many rural communities in

25 ¹⁹ AT&T Comments at p. 5; Cox Comments at p. 2; Time Warner Comments at p. 6; Winstar Comments at p. 3; WorldCom Comments at p. 4.

26 ²⁰ Qwest Comments at p. 10.

27 ²¹ AT&T Comments at p. 5.

28 ²² Winstar Comments at p. 3.

²³ Qwest Comments at p. 10-12.

²⁴ Time Warner Comments at p. 6.

Arizona are now in the process of having to change to their third area code (from 602 to 520 to 928). Implementation of a number conservation method that may prolong the life of rural NPAs will benefit both the public and Industry by deferring the costs, administrative burden and confusion due to area code relief as long as possible.

46. Staff does not recommend, at this time, consolidation of rate centers that do not currently have the same local calling area. This should be evaluated in the context of a rate case. However, Staff does recommend rate center consolidation where multiple rate centers currently have the same local calling area and further recommends that such rate center consolidations become effective within twelve months of the effective date of this Order. The following are illustrative of

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where rate center consolidation may be possible and that should be evaluated by the incumbent wireline local exchange carriers.

<u>Rate Centers in Calling Area</u>	<u>Proposed Consolidated Rate Center</u>
Globe, Miami	Globe
Casa Grande, Coolidge, Eloy, Florence, Maricopa	Casa Grande
Ash Fork, Cameron, Flagstaff, Munds Park, Williams	Flagstaff
Chino Valley, Humbolt, Prescott	Prescott
Camp Verde, Cottonwood, Sedona	Sedona
Joseph City, Winslow	Winslow
Nogales, Patagonia	Nogales
Wellton, Yuma	Yuma
Aguila, Wickenburg, Yarnell	Wickenburg
Roosevelt Lake, Tonto Basin	Roosevelt Lake
Golden Valley, Kingman	Kingman

J. What degree of contamination (i.e. 5%, 10%, etc.) should be allowed in thousands-blocks donated to the numbering pool?

47. AT&T, Cox, Qwest, Time Warner and WorldCom generally recommend that the ACC follow the established national guidelines and require that all thousands-blocks that have no more than ten

1 percent contamination be considered for donations to the pool.²⁵ Winstar recommends that only
 2 uncontaminated blocks be allowed in numbering pools.²⁶

3 48. Staff concurs with the majority of commenters. National guidelines have been established by
 4 the FCC in its NRO Order which require all carriers to donate all thousands-blocks that have less than a ten-
 5 percent contamination level to the thousands-block number pool for each rate center. Id. at ¶ 191.

6 ...

7 ...

8 **K. What other issues should be addressed as part of a pooling trial?**

9 49. AT&T referenced selection of a Pooling Administrator ("PA"), the North American
 10 Portability Management ("NAPM") Limited Liability Corporation ("LLC") entering into a contract with the
 11 selected PA, determination of a cost recovery methodology and cost allocation as issues to be addressed.²⁷

12 Cox recommended that procedures for monitoring and enforcing compliance should be in place prior to the
 13 start of a number pooling trial.²⁸ Qwest recommended that number pooling criteria for a trial conform to
 14 national standards.²⁹ Time Warner recommended that pooled numbers be readily available to carriers with
 15 a demonstrated need.³⁰ Winstar recommended the ACC give equal weight to the proposals of any potential
 16 bidders for a PA in Arizona.³¹ WorldCom had no comment on this topic.

17 50. Staff generally concurs with the recommendations of the commenters. Further, the FCC in
 18 its NRO Order and in the NRO Second Report and Order has established the national framework of
 19 standards that addresses the concerns expressed by some of the commenters.

20 **L. What additional number conservation methods may be implemented to maximize the life**
 21 **of the NPAs within Arizona?**

22 51. AT&T identified thousands-block number pooling as the next logical step since rate center
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25 25 AT&T Comments at p. 5; Cox Comments at p. 3; Qwest Comments at p. 12; Time Warner Comments at p. 7; WorldCom Comments at p. 4.

26 26 Winstar Comments at p. 3.

27 27 AT&T Comments at pps. 5-6.

28 28 Cox Comments at p. 3.

29 29 Qwest Comments at p. 12.

30 30 Time Warner Comments at p. 7.

31 31 Winstar Comments at p. 4.

consolidation has already been implemented in both Phoenix and Tucson.³² Cox recommended that unassigned number pooling should be implemented.³³ Qwest recommended that the Industry should comply with the number conservation methods defined in the FCC NRO Order and that the ACC should periodically review each service provider's number utilization reports.³⁴ Time Warner and WorldCom had no comments on this issue. Winstar expressed conviction that ten-digit dialing could be the single most effective means of conserving the number resource.³⁵

52. While Staff has no recommendations on additional conservation measures at this time, other than future rate center consolidation where appropriate, Staff believes the Commission should continue to consider ways to conserve numbers in Arizona.

IV. SELECTION OF A POOLING ADMINISTRATOR

53. NeuStar and Telcordia submitted a proposal and bid to serve as an Interim Thousands-Block PA in Arizona. In its response NeuStar indicated that its pooling administration services had expanded to encompass 12 States covering 35 individual NPAs. In its response Telcordia identified three states where it had been selected as pooling administrator. Subsequent to submission of their proposals, both companies have been selected as PA for additional State number pooling trials.

54. Both NeuStar and Telcordia have proven the experience and ability necessary to provide administration services pursuant to the Federal rules and Industry guidelines relating to thousands-block number pooling.

55. Recently, on June 18, 2001, the FCC announced that it had selected NeuStar as the National Thousands-Block Number Pooling Administrator. Where State pooling trials have been implemented, the National PA must develop and establish a transition plan for the transition/transfer of number pooling administration from the interim State PA to the National PA. (See Thousands-Block Pooling Contractor, Technical Requirements, Section 2.10.8, November 30, 2000)

56. On July 25, 2001, Telcordia notified Staff that it would no longer like to be considered as a potential bidder for the Arizona thousands-block pooling trial. Therefore, Staff recommends that NeuStar

³² AT&T Comments at p. 6.

³³ Cox Comments at p. 3.

³⁴ Qwest Comments at p. 12.

³⁵ Winstar Comments at p. 4.

administer thousands-block number pooling ordered by the ACC.

V. SUMMARY OF STAFF RECOMMENDATIONS

57. Staff recommends that thousands-block number pooling be implemented in Arizona to conserve numbering resources as follows subject to the conditions identified below:

- a. That thousands-block number pooling be implemented in the 602 NPA in the Phoenix MSA no later than February 14, 2002.
- b. That thousands-block number pooling be implemented in the 480 NPA in the Phoenix MSA no later than March 14, 2002.
- c. That implementation of number pooling may commence before the availability of NPAC software release 3.0.
- d. That the cost allocation methodology for the Arizona pooling trials be based upon pro rata allocation of cost to all telecommunications carriers providing service within the State in proportion to each carrier's interstate, intrastate and international telecommunications revenues; irrespective of whether carriers may or may not participate in the pooling trial.
- e. That joint-industry costs should be subject to a recovery mechanism and that carrier-specific costs be treated as a cost of doing business and should not be subject to a special cost recovery mechanism. CLECs and ILECs may seek recovery through their respective regulatory paradigms; i.e. tariff filings, rate cases or to the extent permitted under the terms of an AFOR plan. Recovery from access charges, unbundled network elements total service resale rate elements or any other wholesale rates should not be permitted.
- f. That, if the ACC decides not to address cost recovery issues at this time, a State cost recovery mechanism be addressed in a future docket.
- g. That rate center consolidation be implemented where multiple rate centers currently have the same local calling area and that such rate center consolidation become effective within twelve months of this Order. That carriers may submit comment within 30 days of the effective date of this Order identifying any concerns with the rate center consolidation set forth in Finding of Fact 46.
- h. That any future rate case filed by incumbent wireline carriers include an analysis of where

de minimis expansion of local calling areas would allow further consolidation of rate centers to maximize use of numbering resources.

- i. That NeuStar be selected as the interim State Pooling Administrator to administer implementation of number pooling addressed in this Order.
- j. That pursuant to Federal rules effective July 17, 2000, et al, all carriers be reminded they are required to have implemented and be in compliance with number conservation administration and reporting requirements.
- k. That if any carrier providing service in one of the top 100 MSAs located in Arizona currently is not providing LNP capability as required by the FCC, such carrier must implement LNP in time to participate in numbering pooling for each MSA unless it applies for and is granted a LNP waiver by the FCC.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this investigation.
2. The recitals of Fact set forth above and Conclusions of Law are supported by the record and are hereby adopted as Findings of Fact and Conclusions of Law.
3. The record in this proceeding supports adoption of thousands-block number pooling as a number conservation method and Staff Recommendations in Findings of Fact No. 57 are reasonable, fair, equitable and therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that thousands-block number pooling in the 602 NPA of the Phoenix MSA be implemented no later than February 14, 2002.

IT IS FURTHER ORDERED that thousands-block number pooling in the 480 NPA of the Phoenix MSA be implemented no later than March 14, 2002.

IT IS FURTHER ORDERED that all LNP capable carriers in the MSA and holding codes in the 602 and 480 NPAs shall participate in the number pool.

IT IS FURTHER ORDERED that NeuStar is selected as the interim State Pooling Administrator and shall administer implementation of thousands-block number pooling addressed in this Order.

IT IS FURTHER ORDERED that NAPM, LLC is hereby requested to enter into a contract with

1 NeuStar for the administration of thousands-block number pooling addressed in this Order.

2 IT IS FURTHER ORDERED that NeuStar shall convene a First Implementation Meeting with
3 Industry for thousands-block number pooling in the Phoenix MSA during September, 2001.

4 IT IS FURTHER ORDERED that Staff shall review any request from NeuStar to revise these
5 implementation dates to resolve conflicts with implementation of other State pooling trials and, upon

6 . . .

7 its concurrence with any change of schedule, Staff shall file a report with the ACC and Docket Control to
8 provide notice of the revision.

9 IT IS FURTHER ORDERED that implementation of thousands-block number pooling shall not be
10 delayed until the availability of NPAC software release 3.0.

11 IT IS FURTHER ORDERED that the cost allocation methodology for the Arizona pooling trials be
12 based upon pro rata allocation of cost to all telecommunications carriers providing service within the State
13 in proportion to each carrier's interstate, intrastate and international telecommunications revenues; irrespective
14 of whether carriers may or may not participate in the pooling trial.

15 IT IS FURTHER ORDERED that joint-industry costs should be subject to a recovery mechanism
16 and that carrier-specific costs are not recoverable by a special cost recovery mechanism since they are
17 merely costs of doing business. That competitive local exchange carriers and incumbent local exchange
18 carriers may seek recovery through their respective regulatory paradigms; i.e. tariff filings, rate cases or to
19 the extent permitted under the terms of an alternative form of regulation plan.

20 IT IS FURTHER ORDERED that recovery from access charges, unbundled network elements total
21 service resale rate elements or any other wholesale rates should not be permitted.

22 IT IS FURTHER ORDERED that rate center consolidation be implemented where multiple rate
23 centers currently have the same local calling area and that such rate center consolidation become effective
24 within twelve months of this Order. That carriers may submit comment within 30 days of the effective date
25 of this Order identifying any concerns with the rate center consolidation set forth in Finding of Fact 46.

26 IT IS FURTHER ORDERED that within ninety days of this Order, the incumbent wireline carriers
27 shall file with the Utilities Division Compliance Section a report identifying the rate centers to be consolidated
28 and the scheduled effective date. Each carrier shall also file a final report with the Utilities Division

1 Compliance Section within thirty days of completion of its rate center consolidation.

2 IT IS FURTHER ORDERED that any future rate case filed by incumbent wireline carriers

3 . . .

4 include an analysis of where de minimis expansion of local calling areas would allow further consolidation of
5 rate centers to maximize use of numbering resources.

6 IT IS FURTHER ORDERED that pursuant to Federal rules effective July 17, 2000, et al, all carriers
7 are reminded they are required to have implemented and be in compliance with number conservation
8 administration and reporting requirements; for example, but not limited to, use of sequential number
9 assignment and restrictions on unnecessary contamination of unused thousands-blocks.

10 IT IS FURTHER ORDERED that if any carrier providing service in one of the top 100 MSAs
11 located in Arizona currently is not providing LNP capability as required by the FCC, such carrier must
12 implement LNP in time to participate in thousands-block numbering pooling for each MSA unless it applies
13 for and is granted a LNP waiver by the FCC.

14 IT IS FURTHER ORDERED that this Decision shall be effective immediately.

15 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

16
17 CHAIRMAN

COMMISSIONER

COMMISSIONER

18 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
19 Secretary of the Arizona Corporation Commission, have
20 hereunto, set my hand and caused the official seal of this
21 Commission to be affixed at the Capitol, in the City of Phoenix,
22 this _____ day of _____, 2001.

23 _____
24 BRIAN C. McNEIL
25 Executive Secretary

26 DISSENT: _____

27 SMO:RLB:lh\MAS

1 SERVICE LIST FOR:
2 DOCKET NO. T-00000A-01-0076

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